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ABSTRACT

This report discusses the school aid increase enacted for New York State in 1998-1999. School aid for the year will increase by $850 million. However, it is argued that the Governor's vetoes of the Rebuild Schools to Uphold Education (RESCUE) program and teacher support aid betrays a certain lack of true reform within the budget. The changes made will not greatly improve the equity of aid distribution and will have no positive effect on its efficiency. Although the proposed budget provides a blanket increase of aid across the state, it does little to target specific problems that individual school districts have with cost effectiveness or efficiency. The effect that the new budget and the veto of the RESCUE program will have on educational facilities improvement and maintenance is discussed. Implications of STAR (School Tax Relief), which goes into effect in 1998-1999, are discussed. STAR does not constitute state aid for education, but may actually work against such aid. The report provides several possible remedies for the deficiencies of the STAR program. Includes two tables highlighting the tax relief for seniors and nonseniors across several regions within the state; a graphic comparing school aid per pupil with STAR relief per pupil; and a table of school district profiles by region and type, including the distribution of school aid and STAR across these districts. (CMD)

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SCHOOL FINANCE ISSUES

In the 1998-99 Enacted Budget

June 1998

H. Carl McCall
State Comptroller

State of New York
Office of the State Comptroller
Office of Fiscal Research & Policy Analysis
Albany, New York 12236

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Summary

- ✓ School aid for next year is going up by $850 million, or 7.8 percent, bringing total aid up to nearly $12 billion. Other than the RESCUE program and teacher support aid, the Governor's vetoes did not have much effect on school aid. The aid shown on computer runs, and last year's initiatives in early childhood education and building maintenance are all still there.

- ✓ RESCUE would have provided an additional $500 million in funding for school facilities over four years; it is unfortunate that this program was vetoed given the critical needs in this area. Restoration should be considered in conjunction with improvements in the originally enacted program, including mandate relief measures such Wicks reform and asbestos remediation.

- ✓ The RESCUE legislation also contained a number of new inspection requirements and capital planning improvements, many of which respond to conditions described in the Comptroller's reports on school facilities. These changes were unaffected by the veto.

- ✓ Unfortunately, there was absolutely no reform of the complex and unfair maze of aid formulas currently in use. After many years of manipulation, the school finance system is a garbled mess. School aid should be allocated in a way that makes sense, and a reformed system should eliminate the many "spend-to-get" formulas which *reward* spending increases and *penalize* efficiencies.

- ✓ One of the contributing factors to the complexity is the desire to announce something new each year. This year "Operating Standards Aid," is touted as responding to the need for higher standards. Although it will provide $82 million statewide, this new formula is composed of an array of "factors," none of which have anything to do with standards. For many districts, the allocation is almost ludicrous next to the enormous task they will face. The real solution to supporting high standards is to have an aid formula *that meets high standards itself* — standards of fairness, equity, simplicity and efficiency.

- ✓ STAR goes into effect this year, providing dramatic tax relief for seniors, who will get their exemptions fully implemented. Other exemptions begin to phase in next year. STAR is a state-mandated, state-specified *property tax relief entitlement for homeowners.*

- ✓ *STAR is not aid for education.* It doesn't provide resources for schools to meet higher standards, or help to equalize resource disparities among districts. In fact, it is distributed in a pattern essentially opposite to school aid. Comptroller's financial reports will show STAR as state supported tax relief, not as aid to education.

- ✓ To ensure that school districts are not harmed by the delayed receipt of STAR payments, the State should reimburse school districts for interest losses and borrowing costs; school districts should also be allowed to carry higher fund balances.

School Aid

The enacted budget provides a school year aid increase of $851.3 million (+7.8 percent), bringing total school aid to $11.8 billion. On a school year basis, this increase is $333 million greater than the Executive's proposed $518 million.[1] Computer runs distributed to school districts at the time of budget enactment show a total statewide increase in aid of $740 million, which remains in place after vetoes; this figure, however, does not include increases under some of the programs enacted with last year's budget, such as full-day kindergarten and pre-kindergarten incentive aids and the new minor maintenance aid and building aid formula enrichments.

The general school aid package signed into law is essentially the same as that enacted by the Legislature, with two major exceptions. The RESCUE school facilities program (REbuild SChools to Uphold Education) and teacher support aid were both vetoed. The RESCUE veto does not affect 1998-99 school aid, and is discussed further below, under facilities. The veto of teacher support aid eliminates a $67.5 million aid program supporting teacher compensation in the Big 5 cities. Executive Budgets for several years have proposed elimination of this program, and this year the legislative budget would have not only restored it, but also added $10 million. The elimination of this aid category has varying impacts among the Big 5 cities, depending upon the contractual agreements in place: in Buffalo, Rochester and Syracuse, it is probable that the portion of compensation this aid previously covered will have to be picked up by increased local taxes, but in New York City and Yonkers teacher compensation may be reduced by the veto.

Most of the Executive's education vetoes (in number of items) were outside of the general school aid categories, including some programs available statewide and others going to particular districts. Among these, the largest items vetoed were teacher mentor intern programs and teacher centers. The teacher mentor intern program veto eliminates the state funding for the program, which totaled $20 million in the 1997-98 school year. The teacher centers veto blocked a planned doubling of the state funding for this program, which will continue to receive $10 million on a school year basis. A variety of small adds to other programs and many items directed to specific school districts were vetoed.

An Absence of Reform

Unfortunately, the large school aid increase was provided without any real reform of the formulas, which are now even more complex than ever. Although formula changes were made that

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[1]The $850 million school year increase compares to the legislative budget's proposed increase in general aid categories of approximately $925 million (with teacher support aid), the legislative budget also included a number of other grants for specific programs and school districts which provided an overall increase in excess of $950 million. However, the discussion in this section is primarily directed to the general school aid categories covered under the $850 million increase and the RESCUE program. The school aid figures discussed here are always presented on a school year basis rather than a state fiscal year basis, and thus do not match those provided on a fiscal year basis elsewhere in this report, particularly those on the additions to the Executive Budget and the impact of the vetoes.

largely targeted increased funding to low-performing, low-resource school districts, there were other actions taken tending to make the formulas less equalizing. The larger picture is that the changes enacted did very little to improve the equity of the aid distribution and nothing to improve its efficiency. The enacted budget's school aid increase was accomplished largely through increases under present law aid formulas,[2] along with some alterations to the formula components, and the addition of new formula responding to a desire to announce that aid is being provided to address higher standards.

As is the case in most years, the changes to the aid formulas are designed to effect a bottom line aid distribution meeting political concerns. The changes are not only technically obscure, but also largely bereft of any theoretical basis, and for those reasons a close examination of them is not particularly instructive. For example, one of the aid ratio calculations within the operating aid formula was altered in a manner touted as providing additional aid to low-wealth districts. The actual impact of this change, however, is not readily apparent, because the increased operating aid formula reduces aid in another formula (tax equalization aid), and both aid categories are subject to the provisions of the "transition adjustment," a governing device which may either completely override or proportionally alter the outcome.

Formula changes in other aid categories are similarly obscure. For example, both "extraordinary needs aid" (ENA) and "educationally related support services aid" (ERSSA) were increased through changes in formula components such as divisors and thresholds. However, since none of these factors have a real-world meaning, the changes to them are best described only in terms of the aid increase they produce — a 20 percent increase for ENA, and 25 percent for ERSSA. These aid categories are rhetorically linked to positive educational goals, such as assisting schools with high concentrations of at-risk children and providing services to avoid referrals to special education, but the only real impact of the changes is on the aid distribution.

"Operating Standards Aid" provides $82 million through a new aid formula, adding yet another piece of algebra to the existing complex aid distribution. This new formula, like most others, is replete with fudge factors which have no meaning outside of the aid distribution they produce. For example, this new formula provides a per-pupil aid amount equal to $6 plus the product of $61.50 and a new aid ratio, but there is no underlying analysis describing how any of these factors might relate to higher standards. It is also doubtful that the aid amounts provided are either sufficient or related to the difficulties many districts will have in implementing higher standards. A variety of research was presented at the Regents 1997 symposium and published in the compendium resulting from it: *Educational Finance to Support High Learning Standards.* Most of the research presented therein very strongly suggests that a minor incremental addition to the existing aid allocation will not have a significant effect on school district capabilities to meet the new standards.

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[2]The Executive Budget's $518 million increase in contrast was composed *entirely* of aid increases under present law programs: two-thirds of which was driven by the operation of current aid formulas without any changes in their structure and about one-third was due to the phase-in of multiyear initiatives enacted with the 1997-98 budget.

Perhaps the most significant alteration to the 1998-99 aid distribution results from the application of the "transition adjustment." This aid governing device has since 1993-94 limited the increases districts can receive under major aid categories and also provided save-harmless protection against losses in aid. This year, school district increases are limited as usual, with some changes in the limiting factors. What is different is that for the first time the transition adjustment now provides guaranteed increases in aid to all districts. All districts are guaranteed at least a 1.8 percent increase, with lower-wealth districts guaranteed an increase of up to 2.5 percent. The provision of guaranteed minimum increases responds in part to the perception that the current formula treats many districts unfairly, but it also limits the equalization provided.[3]

The net effect of all of the formula changes enacted this year (and the probable real purpose) is to produce an aid increase approximately equivalent in percentage terms across the major regions and types of districts. The computerized aid categories show a statewide increase of 7.2 percent, and no major regional category receives a percentage increase that diverges from this figure by more than one percent (see the Table following). In essence, the net effect of the 1998-99 budget is to provide a roughly equivalent aid increase across the State, at least in the aggregate. Individual school districts, as always, vary significantly.

Unfortunately, the budget contains no reforms aimed at helping school districts to be more cost-effective or efficient. For example, the complex and inefficient maze of school aid formulas is left in place, including "spend-to-get" formulas which reward spending increases and penalize efficiencies.

Special education is another area where change had been considered, but the enacted budget failed to take action. Moving away from a placement-based reimbursement system is one important component of reforming New York's special education finance system. However, special education reform should not be limited to finance, but also include changes in the system under which placements are made and improved program management support from the Education Department.

Several years ago, the Regents held a symposium on cost-effectiveness, and produced a compendium of scholarly research on the topic.[4] There were calls for a renewed and dedicated focus on cost-effectiveness and legislation was passed requiring a comprehensive study by the Education Department, including an analysis of both effective and ineffective practices, and a review of educational mandates, including laws and regulations. Unfortunately, the study eventually released went little beyond rhetoric, and did not accomplish the statutorily specified charge.[5]

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[3]Similar to the imposition of caps the transition adjustment initially provided, this addition of guaranteed increases for all has restored a formula device abandoned in the late 1970's in response to equity issues.

[4]*Study on Cost-Effectiveness in Education: Final Report*, NYS Board of Regents, March 1996.

[5]*Cost-Effectiveness in Education: A First Report*, State Education Department 1998, available only on the Department's web site (www.nysed.gov), in the Education Management Services section.

School Facilities

Last year's state budget included three initiatives to provide additional funding for school facilities. Two of these are taking effect, as planned, in the 1998-99 school year:

— Changes in the building aid formula will increase the state reimbursement for local projects by 10 percent and recognize varying regional costs in the calculation of maximum cost allowances, and

— Minor maintenance aid will begin flowing to school districts; this is a $50 million aid program that provides additional funds for maintenance and repair projects based on a formula related to the relative age of each school district's buildings.

A third initiative included in last year's budget legislation, the School Facilities Bond Act, was defeated by the voters in November 1997. Following the Bond Act's defeat, there were calls for some sort of substitute measure, including a proposal put forth by the Comptroller. The Comptroller's proposal was for a $500 million program to address some of the most severe facilities problems on the basis of a statewide prioritization of needs, and funded out of the year-ending surplus.

This year's legislative budget included $500 million for school facilities through a new program entitled RESCUE (Rebuilding SChools to Uphold Education). Funding for the RESCUE program was vetoed by the Executive, although this veto did not impact the 1998-99 budget's state spending level, because the funds were to be spent over four years beginning in 1999-2000. The RESCUE funding was to have come from a mix of cash and backdoor borrowing (through Dormitory Authority bonding): capital projects would be funded through bonding and qualifying maintenance or repair projects through cash. It is probable that the vast majority of projects would have been capital projects paid for through bonding.

RESCUE funding was to be allocated to school districts up to a maximum based on each district's share of statewide enrollment (including public and private school pupils). Funds were to be used for the purposes of correcting emergency situations, or projects addressing accessibility, health and safety, capacity expansion and educational technology. RESCUE could also be used for the local portion of expenses not reimbursed through regular state building aid.

Although the appropriation for RESCUE was vetoed, the program also includes a number of new inspection and capital planning requirements and additional data collection and regulatory activities on the part of the State Education Department.[6] All of these changes were unaffected by the veto and will go forward without the aid program; many also respond to conditions described and

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[6]The legislative budget provided $250,000 for additional staffing at SED to implement the regulatory changes, but this funding was also vetoed. The implementation of these new responsibilities may be problematic without the application of additional resources.

recommendations made in the Comptroller's earlier reports on facilities. The new requirements include:

- Improved capital planning at the state and local levels, under a new approach based on a building conditions survey and a revised five-year facilities plan.[7]

- The system will be based on a uniform code of public school buildings' inspection, safety rating, and monitoring to be developed by the Commissioner of Education.

- Under this system, annual inspections of school buildings will be required in a manner prescribed by the Commissioner, who may also require more frequent inspections where conditions warrant it.

- The buildings conditions survey will have to be performed every five years, according to standards prescribed by the Education Department, by a licensed architect or engineer. Building aid is available for this activity (up to a maximum of 20 cents per square foot of expense, multiplied by the building aid ratio).

This new approach is only broadly outlined by the budget legislation, and the details will have to be developed administratively. Although the details are uncertain, the approach outlined appears to be a sound method of establishing a better planning system for local school districts and providing better management information at the state level. This will enable more effective oversight and support of school facilities needs. Utilization of enhanced capital planning tools, such as value engineering and life-cycle cost analysis should be considered in developing the regulations for this program.

Given the extreme nature of many of the school capital needs statewide, it is unfortunate that the additional funding for facilities was vetoed. However, several of the objections to the RESCUE program listed by the Executive are reflective of general concerns described in connection with the proposal put forth by the Comptroller in December.[8] These include concerns about funding through backdoor borrowing, a distribution to school districts that is not needs-based, and funds supplanting local resources or being used for projects that could be funded in a timely fashion within existing resources and state aid streams.

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[7]These programs supplement the planning requirements under section 3602 of the Education Law, formerly known as CAPP — for the Capital Assets Preservation Plan. The CAPP requirements were enacted in 1987 but never fully and effectively implemented statewide. For a discussion of these requirements and related issues, see *School Facilities — Conditions, Problems and Solutions*, State Comptroller's Office, October 1997, and the Comptroller's Audit Reports *The State Education Department, Oversight of Districts' Programs to Maintain and Preserve School Buildings (93-S-89)*, and *State Education Department, Facilities Planning Unit (96-D-4)*.

[8]*Meeting School Facilities Needs — A Conceptual Proposal from Comptroller McCall for Consideration in the 1998-99 Budget*, State Comptroller's Office, December 1997.

Nevertheless, in the course of further discussions on this year's or next year's budget, it is desirable to move forward with a facilities program utilizing any additional available revenues and perhaps with improvements to the originally enacted RESCUE program. For example, consideration should be given to incorporating mandate relief measures to decrease the cost of school construction and rehabilitation, including reform of the Wicks law and state rules governing asbestos remediation.

It is also evident at this time that the existing aid incentive offered by last year's changes to the building aid formula are causing a great deal of school building activities. In their latest data submissions to the State Education Department, school districts have identified additional projects expected to eventually drive approximately $225 million in state building aid. A revised supplemental capital program could build on the new capital planning requirements and should aim at the most severe needs that would probably not be met on a timely basis through existing funding programs.

STAR

The School Tax Relief (STAR) program enacted in last year's budget will reduce school property tax bills paid by qualifying homeowners, with exemptions that eventually provide more than $2.2 billion in tax relief statewide. Seniors over 65 with incomes below $60,000 are eligible for enhanced exemptions, which are 66 percent larger than those other homeowners receive. The seniors exemptions begin in 1998, and under the budget enacted will be fully effective immediately (rather than being phased in over four years, as originally enacted). Other homeowners will begin receiving exemptions in the fall of 1999, and these will be phased in, becoming fully effective in 2001-02.

The exemptions for seniors in 1998-99 provide significant and dramatic tax relief to those who are eligible, as shown in the table below.

Taxpayer Savings from Seniors STAR Exemption	Sample $ Value
Upstate Suburban "Average"	$850
Low-Tax Rural Area	$500-800*
NYC Suburbs (High Wealth/High Tax)	$1,000-$2,500
New York City	$320

*But not to exceed the school property tax bill; the exemption will completely eliminate school taxes for many seniors in many rural or below-average property value areas.

However, the non-seniors exemptions will eventually drive the majority of the STAR tax relief savings, because although the seniors exemptions are higher, there will be more non-seniors exemptions offered. The following table shows the currently expected statewide total school property tax relief offered by the STAR exemptions.

STAR Tax Relief (millions $)	1998-99	1999-00	2000-01	2001-02
Seniors	$639	$639	$639	$639
Non-Seniors	none	$532	$1,065	$1,597
Total Property Tax Savings	$639	$1,171	$1,704	$2,236

Although the STAR program offers dramatic tax relief beginning this year, there is no substantial connected effort to reform the administration of this tax, which is very poor in some areas of the State.

STAR and School Aid

The STAR program will provide a great deal of tax relief to homeowners, but the state funding for this program should not be confused with state aid to education, because the purpose and effect of STAR payments is tax relief. The STAR exemptions lower the amount of taxes homeowners pay on their bills and the State reimburses schools for the revenue foregone; schools are really only a go-between.

STAR is an entitlement program that is precisely defined in state law, although it is implemented by local assessors and school districts. The exemptions are only available to homeowners on their primary residence. Those living in rental properties do not benefit, nor do out-of-state owners, second homes, or commercial and industrial properties. The STAR exemptions do not reduce the tax rate which applies to all properties — they only reduce payments from qualifying homeowners (and the amount of the STAR reduction will be shown on their individual tax bills).

The state STAR reimbursements only replace revenues forgone due to lower tax payments from homeowners. Unlike education aid, these payments will not help schools provide programs or raise standards. STAR payments also will not help eliminate fiscal disparities among school districts.

The point that the STAR exemptions should not be viewed as contributing to educational programs is amplified by a recent study from Syracuse University, which was commissioned by the Regents as part of their 1997 School Finance Symposium.[9] This research found that the STAR payments when viewed from a distributional perspective are essentially antithetical to the long-term goal of fiscal equity among school districts.

This relationship occurs primarily because the STAR exemptions go solely to homeowners and are adjusted upward for higher property values and higher taxes. Poorer, particularly urban

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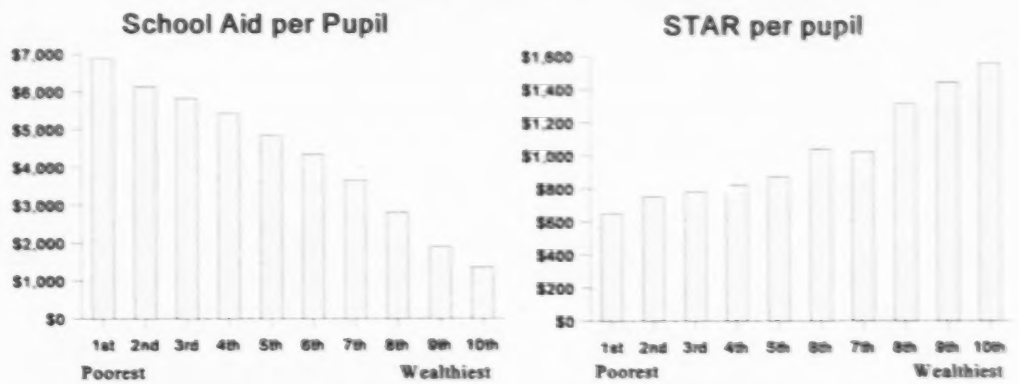
[9] *An Analysis of Two Educational Policy Changes in New York State: Performance Standards and Property Tax Relief*, William Duncombe and John Yinger, Center for Policy Research, The Maxwell School, Syracuse University. This report is published in *Educational Finance to Support High Learning Standards*, March 1998, New York State Board of Regents.

school districts usually have much larger proportions of renters, lower property values and often lower property taxes. Thus, STAR payments overall actually go proportionally more to well-off schools than to poor schools. The Syracuse study notes that STAR may eventually magnify the large performance disparities already existing between high- and low-wealth districts.

The STAR program is homeowner tax relief, and as such, one would not expect to find a distribution similar to that provided by school aid. However, since some have argued that STAR should be viewed as school aid, a comparison of the two essentially opposite distributional patterns is instructive. Shown on a per-pupil basis, it can be clearly seen that the state school aid payments produce aid payments that are equalizing in impact: lower wealth school districts receive higher aid payments than higher wealth districts.[10] School aid payments for the poorest tenth of districts average $6,884 per pupil, more than five times the amount received by the wealthiest tenth: $1,355.

A Comparison of School Aid and STAR
Distribution by Wealth



Statistics shown are for deciles (tenths)of school districts grouped by their "combined wealth ratio" — the primary wealth measure used in school aid formulas. Data show arithmetic means by decile for 1998-99 computerized aids and STAR estimated reimbursements at full implementation; 1997-98 enrollment is the pupil measure used.

STAR payments measured on a per-pupil basis have a completely opposite distribution, with the wealthier school districts receiving proportionally greater STAR reimbursements. Upon full implementation, the poorest tenth of school districts will receive an average of $648 per pupil from STAR receipts, less than half of the average $1,558 received by the wealthiest tenth.

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[10]Although the payments are equalized, they do not provide enough resources to effectively equalize spending or educational programs. For a complete discussion of this issue, see *An Agenda for Equitable and Cost-Effective School Finance Reform*, Office of the State Comptroller, October, 1996.

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The diametrically opposed distributional patterns between STAR and school aid, together with an examination of their different purposes, demonstrates the reasons why STAR should not be counted as school aid in any comparisons.

The Office of the State Comptroller, in reviewing the changes that must be made in financial reports on both local and state government finances, has determined that STAR reimbursements must be separately accounted for. For Municipal Accounting purposes, a new discrete account code for STAR will be provided within the category "Real Property Tax" items. In reports covering school district finances, STAR will be displayed as a discrete real property tax item separate from other items. STAR will be shown as an additional state contribution, reducing the otherwise necessary property levy, but not as school aid.

STAR's Impact on School District Cash Flow

In most areas school property taxes are received by school districts largely in the early fall, and a problem connected with the STAR program is that schools will be financially disadvantaged because payments from the State will be received later in the school year. This change has the impact of tightening school district cash flow situations, reducing interest earnings, and potentially causing additional local borrowing.

To address this issue, last year's budget legislation established the School District Cash Flow Study Commission, chaired by the State Education Department and including the Office of the State Comptroller, the Division of the Budget, the Office of Real Property Services, and a school boards representative. The State Comptroller served on this Commission and throughout the deliberations held firm to a position the State should take action to ensure that schools are not financially damaged by STAR implementation. The Commission issued recommendations in March which were reflected in part by the enacted budget.

The basic problem faced by the Commission was that the State's own cash flow needs, as represented by the Division of the Budget, would not permit making STAR reimbursements as early as they would have been received as property tax revenues (at least, for most school districts). The Commission members agreed that STAR reimbursements should not be paid with school aid under the school aid schedule, which would have resulted in the majority of STAR revenues being delayed in receipt until March. The Commission recommended that STAR be paid under a separate and accelerated schedule and developed an approach under which all reimbursements are paid by January, with accelerated payments to some school districts in October through December, depending upon the relative share of the property tax levy STAR is replacing for each district. The end result of this approach is a schedule paying out approximately one quarter of STAR reimbursements statewide during the October through December period and three quarters in January. Although the Commission's approach accelerates payments compared to the school aid schedule, it does not provide payments as quickly as property taxes would have been received, for most districts.

In addition to the revised and separate payment schedule for STAR, the Commission also unanimously recommended that school districts be allowed to carry higher unreserved fund balances to ameliorate cash flow difficulties (current law includes a limit on unreserved fund balances of 2 percent of their budget). Another recommendation, jointly proposed by the State Comptroller and the School Boards representative but opposed by the Division of the Budget, was for the State to reimburse school districts for their interest earnings losses and borrowing costs resulting from the delayed receipt of STAR revenues. The enacted budget addressed the payment schedule issue but did not take action on the fund balance or interest loss reimbursement recommendations.

Taking advantage of the State's surplus going into the budget year, the Legislature provided for even faster payments in the first year of STAR implementation. Payments in 1998-99 will be made under a schedule as follows: 35 percent in October, 35 percent in November, 10 percent in December, and the remaining 20 percent in January. In 1999-2000 and thereafter, the Commission's recommended payment schedule will be used.[11]

The earlier payments this year, in combination with the fact that the STAR program is just beginning implementation (operating at about one-quarter of its eventual level), both help to ameliorate the interest losses and cash flow difficulties school districts will experience initially. However, over the longer term, it is essential that further action be taken to ensure that the delayed receipt of STAR reimbursements is not allowed to fiscally disadvantage school districts. Although the Commission recommendations represent a substantial improvement, they are not sufficient to prevent financial harm to school districts — approximately 85 percent of which will still experience adverse cash flow impacts, with an average loss in interest earnings (or increased borrowing costs) equaling 10 percent of their current interest earnings.

One part of this solution is an increase in the allowable fund balances school districts can carry. There should also be a reimbursement program for interest earnings lost and borrowing costs to prevent fiscal harm to school districts as they serve as a pass-through entity for STAR. The State Comptroller and school district organizations continue to support interest reimbursement. This program would cost an estimated $10 million upon full implementation of STAR in 2001-02. It would ensure that STAR is implemented without financially harming school districts and is not an inordinate cost to bear in the context of a $2.2 billion tax relief program.

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[11]However, since the Commission's recommendation was developed for STAR at full implementation, some adjustments were made in the budget legislation to reflect the phase-in schedule for the STAR exemptions.

School District Profiles by Region and Type: Distribution of School Aid and STAR

	Number of districts	Combined Wealth Ratio	1997-98 Expenditures	1997-98 Enrollment	1997-98 Combined Aid	1998-99 School Aid (Computerized)	1998-99 Aid Increase Amount	1998-99 Aid Increase Percent	Average Per Pupil Amounts Expenditures	School Aid	STAR	Tax Rate (mills)	STAR Estimate*
Statewide	682	1.177	$27,261,571,373	2,846,250	$10,317,843,665	$11,057,575,759	$739,732,094	7.2%	$10,737	$4,030	$1,018	16.92	2,051,085,000
New York City	1	0.940	$9,042,131,640	1,069,020	$3,614,883,030	$3,898,347,725	$283,464,695	7.8%	$8,458	$3,381	$195	14.16	208,714,000
Rest of State	681	1.177	$18,219,439,733	1,777,230	$6,702,960,635	$7,159,228,034	$456,267,399	6.8%	$10,741	$4,031	$1,020	16.92	1,842,371,000
Big 4 Cities	4	0.688	$1,223,773,485	130,177	$611,150,083	$658,809,165	$47,659,082	7.8%	$9,733	$4,421	$684	16.20	84,015,000
Small Cities	57	0.832	$2,554,295,203	258,216	$1,054,890,577	$1,121,862,312	$66,971,735	6.3%	$9,893	$4,375	$952	17.99	253,371,000
Downstate Suburbs	168	2.291	$6,888,980,000	552,499	$1,562,120,688	$1,672,654,273	$110,533,585	7.1%	$14,041	$2,268	$1,568	18.85	799,815,000
Upstate Suburbs	271	0.838	$5,639,296,418	630,600	$2,431,555,512	$2,576,718,323	$145,162,811	6.0%	$9,400	$4,293	$885	17.30	554,527,000
Rural	181	0.770	$1,913,094,627	205,738	$1,043,243,775	$1,129,183,961	$85,940,186	8.2%	$9,975	$5,159	$785	14.24	150,843,000
Percentage Share of Statewide Total Amounts, by Region/Type													
New York City			33.2%	37.6%	35.0%	35.3%	38.3%						10.2%
Rest of State			66.8%	62.4%	65.0%	64.7%	61.7%						89.8%
Big 4 Cities			4.5%	4.6%	5.9%	6.0%	6.4%						4.1%
Small Cities			9.4%	9.1%	10.2%	10.1%	9.1%						12.4%
Downstate Suburbs			25.3%	19.4%	15.1%	15.1%	14.9%						39.0%
Upstate Suburbs			20.7%	22.2%	23.6%	23.3%	19.6%						27.0%
Rural			7.0%	7.2%	10.1%	10.2%	11.6%						7.4%

*Using Division of the Budget estimates for exemptions at full implementation (excludes NYC PIT relief). The data available for individual districts sum to a total lower than the official cost estimate of $2.2 billion.